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February 26, 2001

The Honorable Gary E. Walsh
Executive Director
South Carolina Public Service Commission
Synergy Business Park, Saluda Building
101 Executive Center Drive
Columbia, South Carolina 29210

RE: Interim Local Exchange Carrier Fund
Docket No. 96-318-C

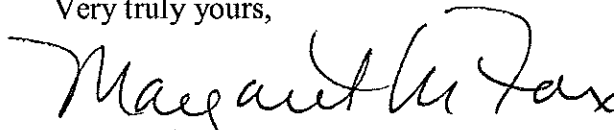
Dear Mr. Walsh:

Enclosed for filing on behalf of the South Carolina, Telephone Coalition, please find one original and twenty-five (25) copies of the Testimony of Emmanuel Staurulakis in the above-referenced docket. By copy of this letter, I am serving all parties of record.

Please clock in a copy and return it with our courier.

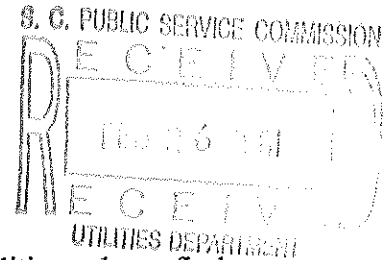
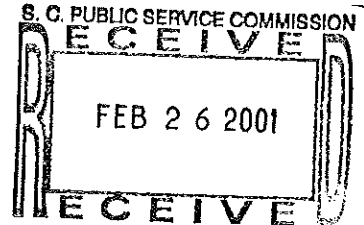
Thank you for your assistance.

Very truly yours,


Margaret M. Fox

MMF/hkb

cc: Parties of Record



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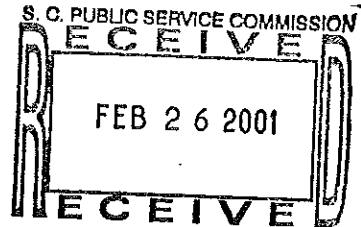
STATE OF SOUTH CAROLINA

BEFORE THE

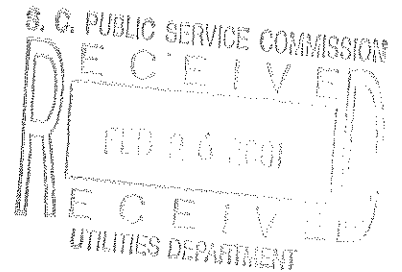
SOUTH CAROLINA PUBLIC SERVICE COMMISSION

DOCKET NO. 96-318-C

IN RE: Interim Local Exchange Carrier (LEC) Fund)
)
)



TESTIMONY OF EMMANUEL STAURULAKIS



1 Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

2 A. My name is Emmanuel Staurulakis. My business address is 6315 Seabrook Road,
3 Seabrook, Maryland 20706.
4

5 Q. BY WHOM AND IN WHAT CAPACITY ARE YOU EMPLOYED?

6 A. I am President of John Staurulakis, Inc. (JSI) a telecommunications consulting firm
7 providing a full range of financial, regulatory and management consulting services to
8 independent telecommunications providers throughout the nation.
9

10 Q. PLEASE BRIEFLY OUTLINE YOUR EDUCATION, TRAINING AND
11 EXPERIENCE IN THE TELEPHONE INDUSTRY.

12 A. In 1980, I received a Bachelor's degree in Business Administration from the American
13 University, Washington, D.C. From May 1980 until December 1984, I worked at JSI as a

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1 Cost Separations Consultant. My responsibilities included preparing jurisdictional toll
2 cost separations studies for clients in several states.

3
4 In December 1983, I earned a Masters degree in Accounting from the George Washington
5 University, Washington D.C. In January 1985, I became a Supervisory Consultant
6 responsible for the overall preparation and submission of numerous jurisdictional toll cost
7 separations studies, rate case work, and intrastate tariff filings for a number of JSI clients.

8
9 In November 1987, I was promoted to Director of the Separations Department. In October
10 1992, I was promoted to Vice President of Operations and given day to day responsibility
11 for all financial and regulatory matters affecting our clients. In 1993, I co-authored a
12 Study on behalf of the Organization for the Protection and Advancement of Small
13 Telephone Companies (OPASTCO) titled: Keeping Rural America Connected: Costs and
14 Rates in the Competitive Era. I am also a member of the National Exchange Carrier
15 Association's (NECA) Universal Service Fund Committee.

16
17 In July of 1997, I was promoted to my current position of President of JSI.

18
19 **Q. ON WHOSE BEHALF ARE YOU TESTIFYING IN THIS CASE?**

20 **A.** I have been requested to testify on behalf of the South Carolina Telephone Coalition (SCTC),
21 an informal organization of incumbent local exchange carriers (ILECs) certified in the in the
22 State of South Carolina. The SCTC members are listed in Exhibit A.

1
2 **Q. WHERE DID THE CONCEPT OF THE INTERIM LEC FUND ORIGINATE?**

3 **A.** In May 1996, the South Carolina General Assembly enacted legislation (Act No. 354) which
4 amended S.C. Code Ann. 58-9-280 providing for the establishment of an Interim LEC Fund.
5

6 **Q. WITHOUT LENDING INTERPRETATION, COULD YOU PLEASE READ THOSE**
7 **SECTIONS OF SOUTH CAROLINA LAW THAT PERTAIN TO THE INTERIM LEC**
8 **FUND?**

9 **A.** The relevant provisions are found in S.C. Code Ann. § 58-9-280(L) and (M), which provide
10 as follows:

11 *(L) Upon enactment of this section and establishment of the Interim LEC Fund, as specified*
12 *in subsection (M) of this section, the commission shall, subject to the requirements of*
13 *federal law, require any electing incumbent LEC, other than an incumbent LEC*
14 *operating under an alternative regulation plan approved by the commission before the*
15 *effective date of this section, to immediately set its toll switched access rates at levels*
16 *comparable to the toll switched access rate levels of the largest LEC operating within the*
17 *State. To offset the adverse effect on the revenues of the incumbent LEC, the commission*
18 *shall allow adjustment of other rates not to exceed statewide average rates, weighted by*
19 *the number of access lines, and shall allow distributions from the Interim LEC Fund, as*
20 *may be necessary to recover those revenues lost through the concurrent reduction of the*
21 *intrastate switched access rates.*
22

1 (M) *The commission shall, not later than December 31, 1996, establish an Interim LEC*
2 *Fund. The Interim LEC Fund shall initially be funded by those entities receiving an*
3 *access or interconnection rate reduction from LEC's pursuant to subsection (L) in*
4 *proportion to the amount of the rate reduction. To the extent that affected LEC's are*
5 *entitled to payments from the USF, the Interim LEC Fund must transition into the USF*
6 *as outlined in Section 58-9-280(E) when funding for the USF is finalized and adequate*
7 *to support the obligations of the Interim LEC Fund.*

8
9 **Q. WOULD YOU PLEASE SUMMARIZE THE PROCEEDINGS THUS FAR IN THIS**
10 **DOCKET?**

11 **A.** The Public Service Commission of South Carolina (the "Commission") initiated this docket
12 to establish the Interim LEC Fund, as required by law. The Commission ordered all LECs that
13 wished to participate in the Fund ("electing LECs") to notify the Commission of their intent
14 to do so by September 15, 1996. The SCTC member companies notified the Commission in
15 writing of their intent to participate in the Interim LEC Fund and were required to provide, by
16 October 1, 1996, financial information pertaining to the access revenues that would be lost due
17 to access rate reductions, as well as the proposed method of recovery to be utilized for those
18 lost revenues. On October 1, 1996, the SCTC filed its Interim LEC Fund Plan, detailing how
19 SCTC member companies proposed to implement the Interim LEC Fund and related rate
20 adjustments. On November 1, 1996, a meeting of all parties was held in the Commission
21 hearing room. At that time, copies of the proposed rate schedules for each SCTC member
22 company were submitted to the Commission Staff and distributed to other parties participating

1 in the proceeding. Final copies of the proposed rate schedules for all of the SCTC member
2 companies were filed as attachments to the testimony of SCTC witness H. Keith Oliver. The
3 SCTC member companies subsequently published notice of "rate adjustments" in newspapers
4 of general circulation in the affected areas.

5 A hearing was held before the Commission on December 16 and 17, 1996, to examine the
6 legislation, the LECs' revenue requirements, proposed methods of recovery, and other issues
7 relating to the Interim LEC Fund. At the hearing, the SCTC presented its proposed detailed
8 plan for establishing and implementing the Interim LEC Fund. SCTC's member companies
9 presented information on the intrastate access revenues that would be lost due to reducing
10 intrastate access rates to levels comparable to the intrastate toll switched access rates of the
11 largest LEC operating in the State. The SCTC member companies also provided the
12 Commission with proposed rate adjustments to offset in part the lost access revenues.

13 At the beginning of the hearing, the Consumer Advocate made a motion to dismiss the LECs'
14 requests to adjust local rates. The Commission denied the motion, proceeded with the hearing,
15 and issued Order No. 97-710 in this docket, establishing the Interim LEC Fund as required by
16 law and approving rate schedules for the SCTC member companies. The Consumer Advocate
17 appealed to the circuit court which affirmed the Commission's actions. The Consumer
18 Advocate then appealed to the Supreme Court of South Carolina. The Supreme Court reversed
19 the decision made by the circuit court and remanded the matter to the Commission, finding that
20 the notice published by the SCTC member companies, which referenced proposed rate
21 "adjustments" as opposed to rate increases, was inadequate to satisfy the requirements of S.C.
22 Code Ann. § 58-9-530.

1

2 **Q. PURSUANT TO THE SUPREME COURT’S DIRECTIVE, DID THE COMMISSION**
3 **ISSUE A NOTICE FOR THE SCTC MEMBER COMPANIES TO PUBLISH IN THIS**
4 **PROCEEDING?**

5 **A.** Yes. The Commission issued a notice for each company in compliance with the Supreme
6 Court’s order, and directed each SCTC member company to publish the notice in newspapers
7 of general circulation in the affected areas.

8

9 **Q. DID EACH SCTC MEMBER COMPANY PUBLISH THAT NOTICE?**

10 **A.** Yes. Every SCTC member company published the notice as directed by the Commission, and
11 provided proof of such publication to the Commission.

12

13 **Q. WHAT IS THE POSITION OF THE SCTC IN THIS PROCEEDING?**

14 **A.** It is the SCTC’s position that the Commission properly followed its statutory mandate with
15 respect to the Interim LEC Fund, examined in detail the rate adjustments proposed by each
16 SCTC member company in relation to the revenues that would be lost through access
17 reductions, and properly established and implemented the Interim LEC Fund and related rate
18 adjustments.

19

1 **Q. IN YOUR OPINION, IS THERE ANY NEED FOR CHANGES TO THE FUTURE**
2 **SCHEDULED ANNUAL RATE ADJUSTMENTS FROM THOSE PREVIOUSLY**
3 **APPROVED BY THE COMMISSION?**

4 **A. No, there is not.**

5

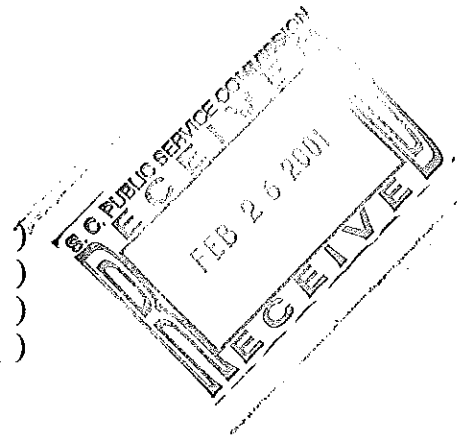
6 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

7 **A. Yes, it does.**

BEFORE
THE PUBLIC SERVICE COMMISSION
OF
SOUTH CAROLINA

Docket No. 96-318-C

IN RE: Interim LEC Fund
ALLTEL South Carolina, Inc.



CERTIFICATE OF SERVICE

I, Harriett K. Barrett, do hereby certify that this day served one (1) copy the
Testimony of Emmanuel Staurulakis on behalf of South Carolina Telephone Coalition,
upon the following counsel of record by depositing said copy in the United States Mail,
first class postage prepaid to:

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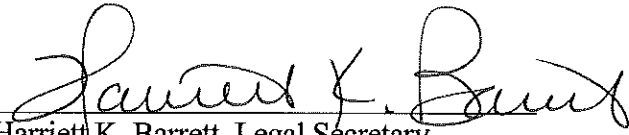
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February 26, 2001

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